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Taxes Blamed For Low Solar Energy Use In Tanzania

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Dar-es-Salaam (The East African, June 16, 2000) - Prohibitive Tax and tariffs on solar equipment have hindered efforts to promote the use of solar energy in the country.

Companies marketing solar equipment say the taxes include an import duty of 20 to 30 per cent on all solar system components excluding panels, which have an import duty of five per cent.

In addition, 20 per cent VAT is imposed on all solar accessories.

Company officials interviewed in Dar es Salaam said the taxes and tariffs on solar equipment are so high that the systems are not yet popular in the Tanzanian market.

"From this we can see that for any solar panel ordered, 25 per cent tax is charged and 40 to 50 per cent for other solar system components," said Mr. Boniface Hanga, a solar sales engineer with BP Tanzania Ltd.

He said that while the cost contribution of a solar panel in a solar system ranges from 40 to 60 per cent, consideration should have been given to what is charged on solar system accessories as tax.

Mr. Hanga said that unlike Tanzania, neighbouring countries have made solar panels VAT-free and some import-duty free.

Uganda, for instance, imposes no import duty on solar panels although it charges 17 per cent VAT.

Kenya, on the other hand, has made the panels VAT-free with a five per cent import duty.

The official, who was presenting his report to a recent workshop for solar equipment stakeholders, said the prospect of increased use of solar equipment were "obvious," provided the government waived taxes on equipment and provided other incentives.

With long sunshine periods ranging from 2,800 to 3,500 hours per year, Tanzania has a big potential in solar energy.

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